

National Assembly for Wales
Communities and Culture Committee

Scrutiny of the Welsh Government's
draft budget 2011–2012

December 2010



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The Communities and Culture Committee

The main function of scrutiny committees is to examine within their remit the expenditure, administration and policy of the government and associated public bodies.

The Communities and Culture Committee's remit covers:

- housing;
- community safety;
- community Inclusion including Communities First and the Spatial Plan;
- Welsh Language, sport and culture.

Powers

The Committee was established on 26.6.07 as one of the Assembly's scrutiny committees. Its powers are set out in the National Assembly for Wales' Standing Orders, particularly SO 12. These are available at www.assemblywales.org

Committee membership



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Welsh Conservative Party



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Contents

The Committee's Recommendations	5
Background	6
1. Issues raised with the Deputy Minister for Housing	7
Further Information to be provided by the Deputy Minister for Housing	8
Issues of particular concern to Members, arising from their scrutiny of the Deputy Minister for Housing:	8
2. Issues raised with the Minister for Heritage	11
Further Information to be provided by the Minister for Heritage	13
Issues of particular concern to Members, arising from their scrutiny of the Minister for Heritage:.....	13
3. Issues raised with the Minister for Social Justice and Local Government	22
Issues of particular concern to Members, arising from their scrutiny of the Social Justice and Local Government:.....	24
Witnesses	26
List of written evidence	27

The Committee's Recommendations

The Committee's recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

Recommendation 1. We recommend that when engaging in dialogue with AGSBs about possible future funding arrangements, the Welsh Government ensures that as result of such dialogue it is able to determine indicative estimates of the potential consequences of funding cuts or increases for those AGSBs. (Page 14)

Recommendation 2. We recommend that the Welsh Government ensure that reductions in funding for revenue funded clients of the Arts Council of Wales are limited to around 4% over a three year period, as set out by the Minister for Heritage. (Page 16)

Recommendation 3. We recommend that the Welsh Government works with partners (such as local authorities and the Arts Council of Wales) to enable the identification of geographic areas in Wales where people have particularly limited access to arts and cultural activities via public transport. (Page 18)

Recommendation 4. We recommend that the Welsh Government provide a clear account of the anticipated costs of establishing the office of the Welsh Language Commissioner. (Page 20)

Background

1. In accordance with Standing Order 27.3, the Committee considered the Welsh Government's draft budget 2011-12 at its meeting on 14 October 2009, scrutinising:
 - Jocelyn Davies AM, Deputy Minister for Housing.
 - Alun Ffred Jones AM, Minister for Heritage
 - Carl Sargeant AM, Minister for Social Justice and Local Government
2. The Ministers also provided written evidence, which can be found on the Committee's website at: <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home/bus-committees-third-ccc-agendas.htm>
3. A short report of the Committee's consideration of this evidence, and its recommendations on the basis of this evidence, follows.
4. In considering the Welsh Government's draft budget, the Committee noted that funding for the budget as a whole had significantly fallen, as a result of decisions taken by the UK Government. The Committee considered that the decisions detailed across the budget were therefore taken with the intention of delivering the best possible services for the people of Wales, within the constraints of the money the Welsh Government actually had.

1. Issues raised with the Deputy Minister for Housing

5. In scrutinising the Deputy Minister, the Committee sought clarification and further details on the following issues:
- a) The actions she had taken to identify priorities within her department to inform decisions on budget allocations
 - b) How she intended to identify and measure the effectiveness and outcomes of her stated strategic priorities, and therefore the effectiveness of the allocations she had made in the budget that align with these priorities
 - c) Clarification on the allocation of funding to the 'Achieve Quality Housing Revenue Action' (the funding analysis provided in the Minister's paper showed income of £40 thousand during 2010-11 in the Achieve Quality Housing Revenue Action, whereas in the Main Expenditure Group table also provided to the Committee this Action shows an allocation of £146 thousand).
 - d) What assessment had been made of the risk that some groups of people, for example women, children or people living in poverty, would be disproportionately affected by cuts in public spending within the Minister's policy area
 - e) How had the need to achieve the Welsh Government's sustainability commitments been taken into account when allocating resources
 - f) What assessment had been made of the impact of a cut in the Social Housing Grant budget, in terms of the provision of affordable housing in both the short and long term
 - g) What provision had been made for capital expenditure on social housing should the Welsh Housing Investment Trust **not** be successful
 - h) How the cut in homelessness spending was anticipated to affect the implementation of the homelessness plan and whether the Deputy Minister considered that this cut could actually increase costs in the longer term if more people experienced homelessness as a result
 - i) Whether the Deputy Minister considered that the cut (in real terms) of the Major Repairs Allowance budget would affect the ability of social landlords to meet the Welsh Housing Quality Standard

- j) How the Deputy Minister would monitor the impact of a reduction in funding for the Supporting People programme (in terms of the quality of service provision)
- k) Whether the Deputy Minister's strategic aim for high quality private rented sector housing was compatible with her decision to reduce funding for housing renewal areas
- l) Why the Deputy Minister had decided to focus capital investment on Strategic Regeneration Areas and what outcomes she hoped to achieve through this approach
- m) Whether the Deputy Minister could provide the Committee with examples of where savings were achieved by working with legacy project partners to find ways of delivering programmes more cost effectively.
- n) Whether the Deputy Minister was considering any further shared service arrangements with public, private or third sector organisations as a way of delivering further efficiency savings

Further Information to be provided by the Deputy Minister for Housing

6. The Minister undertook to provide the Committee with a note on the arbed programme.

Issues of particular concern to Members, arising from their scrutiny of the Deputy Minister for Housing:

The Social Housing Grant

7. Members expressed concern about funding for the Social Housing Grant:

“decreasing in cash terms by £31 million, a reduction of 31%. This means that we plan to build a lower number of units.”¹

8. Members considered that such a reduction could have serious implications in terms of both economic and social regeneration within Communities. Members also considered that access to affordable housing was a critical issue, with wide-ranging consequences for health, child poverty, etc.

9. In forming this conclusion, Members noted that the Welsh Government planned to launch the Welsh Housing Investment Trust early in 2011. The Trust would invest directly in social housing,

¹ CC(3)-17-10 Paper 1

including properties leased to registered social landlords (RSLs), and raise finance through the issue of bonds to institutions such as pension funds. Its objective would be to promote capital market investment in a wider range of initiatives than just housing association-owned affordable housing, and would include intermediate and market rent and possibly “rent to buy” initiatives. The Welsh Government’s written evidence states that:

“if successful, the Welsh Housing Investment Trust could help deliver new affordable homes, at a time when our Social Housing Grant programme is reducing. The Regeneration Investment Fund for Wales was launched recently which follows similar principles to increase investment in regeneration.”²

10. However, Members remained concerned that the affordable homes potentially delivered by the Trust would not compensate for the loss of affordable homes previously provided by the cut funding within the Social Housing Grant. Members also noted that in response to the Welsh Government’s draft budget, the Chief Executive of Community Housing Cymru commented that:

“Today’s announcement that Social Housing Grant(SHG) in Wales will be cut by 30% next year, reducing the budget to just over £69m with proposed cuts of 15% and then 20% for the following two years comes as a bitter blow to the sector... We knew after the publication of the Comprehensive Spending Review that capital spending for the Assembly Government would be under massive pressure so as a sector we realise the importance of being innovative to ensure we build more affordable homes for the thousands of people currently on housing waiting lists.”³

11. Members were pleased that the Minister appeared to have made every effort to protect front line services. The Committee noted, for example, comments from the Managing Director of Care & Repair Cymru, who stated that:

“We are delighted to see that the Rapid Response Adaptations (RRAP) capital programme will be protected in full, and the

² CC(3)-17-10 Paper 1

³ CHC respond to the WAG draft budget, http://www.chcymru.org.uk/chc_dev_final/newyddion/latest-news/2010/chc-news/en/chc-respond-to-the-wag-draft-budget.cfm

recognition within the draft budget that this programme helps enable older people to live independently in their own homes, at the same time saving money in Health and Social Care by reducing the need for residential care and hospital treatment, as well as speeding up discharge from hospital. Our own estimate is that the Rapid Response Adaptations Programme saves £7.50 for every £1 spent... From the draft budget figures and commentary, we are also optimistic that the revenue streams that help fund front line Care & Repair services across Wales will be minimally impacted.”⁴

12. Nevertheless, Members remained concerned that the reduction in the Social Housing Grant (which- Members considered to be a relatively small proportion of the Welsh Government’s total budget) could have wide ranging cross-departmental consequences.

⁴ CHC respond to the WAG draft budget, http://www.chcymru.org.uk/chc_dev_final/newyddion/latest-news/2010/chc-news/en/chc-respond-to-the-wag-draft-budget.cfm

2. Issues raised with the Minister for Heritage

13. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) What actions had been taken to identify the overall revenue priorities within the Minister's department, and what changes to the services supported by the Minister's department were anticipated, bearing in mind to the scale of the reductions in funding over the next three years
- b) Whether the Minister could provide more details about the 'rigorous assessment of priorities' conducted by his department, and outline how this assessment informed the allocation of capital funding across his department
- c) Whether the Minister could provide details about new work streams and joint working arrangements referred to in the draft budget's narrative document, including timescales for them being implemented
- d) How the Minister intended to identify and measure the effectiveness and outcomes of his stated strategic priorities, and therefore the effectiveness of the allocations and savings that he had made in the budget to align with these priorities
- e) Whether the Minister could provide details as to where exactly, and amongst which organisations (i.e. the Arts Council of Wales, the Wales Millennium Centre and the National Botanic Garden) the reductions in both revenue and capital funding would be made within the arts sector Spending Programme Area
- f) Whether the Minister was confident that he had allocated sufficient revenue funding to the organisations that he supported under the arts sector Spending Programme Area (such as the Arts Council and the Wales Millennium Centre) to enable arts and cultural activities to thrive in Wales in line with the *One Wales* commitment to provide a 'high-quality arts and cultural experience' to all people
- g) Whether (under the Museums, Archives and Libraries Spending Programme Area) the Minister had assessed the impact of his proposals on the grants provided by CyMAL to library services and museums across Wales; and on the activities of the National Museum and the National Library
- h) Whether the Minister's proposals (under the sports and physical activity Spending Programme Area, and the reduction in funding

for Sport Wales) would have any impact on achieving the aspirations contained in the *Creating an Active Wales* strategy and the *One Wales* objective of encouraging greater participation by people of all ages in sports

- i) Whether the Minister could provide further detail on the funding implications of the new Welsh Language Strategy and explain how he had calculated the necessary 2 per cent increase in the Bilingual Wales Fund to implement this strategy
- j) Whether the Minister could provide details as to how he had calculated the costs of establishing the office of the Welsh Language Commissioner, particularly in light of the view expressed by the Finance Committee in August 2010 that there was a lack of detail available in this regard.
- k) Whether the Minister could elaborate on comments (in both the draft budget's narrative document and his paper to the Committee) that 'some protection' will be given to Cadw's funding; and whether he envisaged that the reductions in the budget of this Spending Programme Area would have any impact on the historic environment in Wales and on Cadw's work
- l) Whether a review of Cadw's free entry scheme had impacted on funding allocations for the historic environment and whether he could confirm that the free entry scheme to Cadw's sites would continue
- m) Whether the Minister could provide any specific examples of where it had not been possible 'to continue to fund each of the main [tourism] programmes,' bearing in mind that the overall tourism budget would be reduced by 9.8 per cent in cash terms between 2010-11 and 2013-14
- n) Whether the Minister's expectation that more lottery funding would come on-stream to Wales after the Olympic Games in 2012 had been reflected in any way in his budget allocations for 2012-13 or 2013-14
- o) Whether the Minister could provide any specific examples of arts and sports programmes being expected to contribute to a range of Government programmes across different portfolios; and whether he could outline how the cross-cutting impacts of arts and sports programmes had been reflected in the overall Welsh Government draft budget and strategic priorities
- p) How equality of opportunity and sustainability considerations had impacted on the formulation of this draft budget and on the

particular allocations made within his Spending Programme Areas

Further Information to be provided by the Minister for Heritage

14. The Minister agreed to provide Members with a note about the UK Government's reductions in funding for 'Visit Britain,' and the anticipated consequences of such a reduction for Wales.

Issues of particular concern to Members, arising from their scrutiny of the Minister for Heritage:

Advance dialogue with Assembly Government Sponsored Bodies (AGSBs) about the outcomes of funding cuts

15. The Minister stated that in identifying the overall revenue priorities within his department he had taken into:

“account discussions with each of the AGBSs and a detailed assessment of the pressures they face”⁵

16. However, the Minister also commented that the impact of reductions in funding would be “a matter for the individual institutions to declare in the coming months if changes are afoot.”⁶ A Welsh Government official clarified that:

“AGSBs have only just been told about their budget allocations for the next three years, so in terms of the changes in service provision that will arise from reductions in budgets, they're only now beginning to work through what this will mean. So it will be some time before we see what the end result will be in terms of services delivered.”⁷

17. Members recognised that Ministers could not give AGBSs accurate estimates of any potential reductions in their funding, in advance of the finalisation of the Welsh Government's draft budget. However, Members considered that (during the discussions that the Minister stated took place with AGBS) AGBSs could have been asked to outline the potential consequences of a range of different budget cuts, to assist the Welsh Government in determining the degree to which funding was cut. Members were concerned that without such

⁵ CC(3)-17-10 Paper 2

⁶ Record of Proceedings (RoP), Communities and Culture Committee, 24 November 2010

⁷ RoP, Communities and Culture Committee, 24 November 2010

dialogue, the Welsh Government could not state what the outcomes of such a funding cut would be, or whether a lesser (or greater) cut would have delivered outcomes appropriate to their strategic objectives. Members also considered that such advance dialogue would have enabled AGSBs to more quickly ascertain what the impact of reductions in budgets would be for the delivery of services.

We recommend that when engaging in dialogue with AGSBs about possible future funding arrangements, the Welsh Government ensures that as result of such dialogue it is able to determine indicative estimates of the potential consequences of funding cuts or increases for those AGSBs.

Revenue funding for the Arts Sector

18. Members were pleased that the Minister had attempted to prioritise protect front line services throughout his budget. Members expressed their concern that it was of critical importance that bodies such as Sports Wales, Cadw, the National Library of Wales, the National Museum of Wales, and other libraries and museums were supported to deliver their objectives for the people of Wales.

19. Members noted, in particular, that revenue funding for the arts sector had fallen between 2010-2011 and 2011-12 by 4.6% in cash terms (or 6.4% in real terms, taking into account inflation).

20. In their inquiry into ‘the accessibility of arts and cultural activities in Wales,’ Members had noted a range of evidence expressing concern about the potential consequences of a significant reduction in funding for the Arts Sector. For example, the Arts Council of Wales commented that “if we have to face the prospect of further cuts, then we will lose the support of the arts sector that has gone with us,”⁸ while Mid Wales Opera commented that:

“It would be a tragedy if the Welsh Government were to use the fact that ACW has created “headroom” within its RFO portfolio to allow modest increases where fully justified as a reason for imposing larger cuts”⁹

21. Llantarnam Grange Arts Centre agreed that “If the ACW have to revisit its RFO list and make further reductions, it brings into question

⁸ RoP, Communities and Culture Committee, 22 September 2010

⁹ CC(3) AC 35

the underlying premise of the review.”¹⁰ Similarly, Theatr Brycheiniog considered that:

“To reduce funding now would effectively “pull the rug” from under the feet of ACW when they have acted openly and responsibly to secure a strategic future for the arts in Wales.”¹¹

22. Other witnesses emphasised that there was simply no room left for revenue funded organisations to make further efficiency savings. For example, Powys County Council observed that “there is a critical point below which smaller organisations in particular have nowhere left to make efficiency savings.”¹² Similarly, the Oriel Davies Gallery observed that:

“the situation is now such that there is no more fat left on the bone. If for example Oriel Davies had to continue to remain on standstill or even have a cut to its funding this would seriously impact upon its services”¹³

23. An alternative concern from other witnesses, such as Theatr Genedlaethol Cymru,¹⁴ was that cuts in public funding for the arts would have negative repercussions for the wider Welsh economy. National Theatre Wales, for example, commented that the “social and economic benefits of a vibrant arts culture are statistically and empirically proven, and the biggest losers in stifling cultural activity are the people of Wales.”¹⁵ While the Welsh National Opera stated that:

“in comparison to the rest of Assembly Government expenditure, the arts budget is a tiny proportion. Yet a 10% or even 20% cut to ACW cannot offer anything meaningful in redistribution to other departments such as health, education or social justice. However, in terms of its effect on the range, scale, quality and accessibility of arts provision in Wales, it could be catastrophic”¹⁶

24. Committee Members were therefore pleased that the Minister stated that although:

¹⁰ CC(3) AC 38

¹¹ CC(3) AC 57

¹² CC(3) AC 51

¹³ CC(3) AC 70

¹⁴ CC(3) AC 41

¹⁵ CC(3) AC 49

¹⁶ CC(3) AC 62

“Arts Council funding will fall by 4.6 per cent in cash terms from the current baseline... the administration of the Arts Council will take a 12-per-cent hit, while front-line services over the three years will be affected by around 4 per cent.”¹⁷

25. Members also noted that following the publication of the draft budget, the Arts Council of Wales had stated that

“we are delighted that a distinctive policy towards the arts has been understood and followed by the Welsh Assembly Government and that, subsequently, Arts Council of Wales will be able to implement the outcomes of our [Investment Review](#) strategy.”¹⁸

26. While the WCVA cautioned that:

“whilst the sector is encouraged that there is continued support to sustain a strong arts sector via the Arts Council and others we hope that the Welsh Assembly Government will ensure that any cuts are made from within operational budgets rather than from the direct funding provided to voluntary arts organisations and programmes.”¹⁹

We recommend that the Welsh Government ensure that reductions in funding for revenue funded clients of the Arts Council of Wales are limited to around 4% over a three year period, as set out by the Minister for Heritage.

27. Members also noted that two witnesses in their inquiry into the ‘accessibility of arts and cultural activities in Wales’ had suggested that the Arts Council of Wales itself could potentially deliver efficiency savings within its own administrative processes. Amgueddfa Pontypool Museum commented that “there are several areas of wastage of money within the Arts Council (e.g. 3 sets of offices is rather overkill) itself as well as what they fund.”²⁰ Similarly, Bob Innes commented that “public funding for the arts is... not to fund what I think is unnecessary offices.”²¹

¹⁷ RoP, Communities and Culture Committee, 24 November 2010

¹⁸ Arts Council of Wales, response to the draft budget 2011-2012

¹⁹ CC(3) 18 10 Paper 9

²⁰ CC(3) AC 18

²¹ CC(3) AC 77

28. Members therefore considered that- in light of the need to realise savings in the current economic climate- that it was appropriate to ask the Arts Council of Wales to realise efficiency savings within its administrative processes.

29. Members also noted that a number of witnesses in their inquiry into the ‘accessibility of arts and cultural activities in Wales’ had suggested that cuts in public funding for the delivery of arts and cultural activities in Wales could be timed to coincide with the reintroduction (and increase) of lottery funding for the arts in Wales, following the 2012 Olympic games.

30. The Minister for Heritage concurred that:

“I do not know what the future of lottery funding after the Olympic Games will be, but the expectation is that there will be an increase and that some areas, such as the arts and sports, will benefit. I hope that that will mitigate some of the cuts in the budget.”²²

31. Finally, Members noted that a significant number of witnesses within their inquiry into ‘the accessibility of arts and cultural activities in Wales’ had expressed concern about the geographic distribution of funds across Wales, as a result of the Arts Council of Wales’ investment review. For example, Equity commented that “the Eastern half of Wales, the Greater Gwent area and the Valleys will no longer have indigenous professional theatre provision,”²³ while Abergavenny and District Civic Society observed that “the ACW Investment Review proposals will effectively remove access to theatre in the community across a large area of SE Wales.”²⁴

32. Similarly, the Wales Association for the Performing Arts questioned why “a whole swathe across the east of Wales should now be deprived of theatre in education,”²⁵ while Powys County Council felt that “mid Powys has taken a significant hit as... [a] result of the Investment Review.”²⁶ Jon Gower concurred with these observations, and commented that the Arts Council of Wales decision not to fund

²² RoP, Communities and Culture Committee, 24 November 2010

²³ CC(3) AC 58.

²⁴ CC(3) AC 13

²⁵ RoP, Communities and Culture Committee, 6 October 2010, Para 99

²⁶ CC(3) AC 51

“Gwent Theatre would leave a huge gap in arts provision to the south east just as Theatr Powys would in mid Wales.”²⁷

33. However, Members also noted that The Arts Council of Wales’ paper ‘Assessment and Decision making’ stated that one of the intentions of the investment review had been to “support a network of RFOs across the whole of Wales.”²⁸ The Welsh Government concurred in their written evidence that the Arts Council had:

“stressed that a great care was taken during their deliberations to ensure that there was, as far as possible, a balance of revenue clients representing each art form and geographical location.”²⁹

34. Members were conscious that the geographic redistribution of funds, as a result of the Arts Council of Wales’ investment review, was not related to the Welsh Government’s draft budget. Nevertheless, Members were conscious that the principle of considering the geographic impact of revenue funding cuts should be considered as part of any changes in funding necessitated by the Welsh Government’s budget.

We recommend that the Welsh Government works with partners (such as local authorities and the Arts Council of Wales) to enable the identification of geographic areas in Wales where people have particularly limited access to arts and cultural activities via public transport.

35. We anticipate that the Welsh Government would then encourage partners to strategically utilise such information to develop increased access to arts and cultural activities in areas where people have particularly limited access to arts and cultural activities via public transport.

Capital Investment within the arts sector

36. Members also noted that capital investment within the arts sector had fallen significantly, from £1, 090, 000 in 2010-2011, to

²⁷ CC(3) AC 53

²⁸ Arts Council of Wales, Investment Review: Assessment and Decision Making, December 2009.

²⁹ CC(3) AC 43a

£455 000 in 2011-2012. Indeed, capital funding within the Heritage MEG as a whole had fallen from £18 622 000 to £14 843 000.

37. While concerned about the scale of this fall, Members also noted that such a reduction was broadly in line with the majority of evidence provided in their inquiry into the accessibility of arts and cultural activities in Wales. Such evidence considered that capital investment in new building and venues for housing arts and cultural activities was a lesser priority than enabling the development of arts and cultural activities themselves. For example the WLGA had observed that:

“arts and cultural activities can take place in places other than theatres, galleries and arts centres. School halls, village halls, leisure centres, even out on the street can all be suitable locations.”³⁰

38. Similarly, trac had suggested that there is:

“neither the money nor the desire to have an opera house in every town nor do we believe that funding arts and cultural activity through venues is the most effective method of ensuring participation in and access to the arts in Wales across the whole of Wales.”³¹

39. Indeed, Powys Arts Forum advocated structuring cultural provision around the needs of communities, rather than physical buildings.³² Similarly, Theatr Felin Fach observed that:

“it’s not bricks and mortar that are important, but the information, the skills and the opportunities which are available through these cultural services”³³

40. Likewise, Bob Innes was concerned that a desire for large ‘arts venues’ would “be to the detriment of bringing the Arts and cultural activities to the people of Wales.”³⁴ Voluntary Arts Wales suggested that in a time of limited funding, if the production of arts and culture through communities was not prioritised over the development of venues “the danger is that you then will not have a product to put in

³⁰ CC(3) AC 66

³¹ CC(3) AC 39

³² CC(3) AC 44

³³ CC(3) AC 50

³⁴ CC(3) AC 77

them.”³⁵ Similar concerns were expressed by Gwynedd Council, who also commented that building new venues would also lead to greater costs in the longer term, because such venues would need to be sustained.³⁶

41. Members remained concerned that maintenance of existing venues needed to be sustained. However, Committee Members considered that it was appropriate to place a higher strategic priority on protecting revenue funding for the arts sector than capital investment in new buildings or venues, as set out in the Welsh Government’s draft budget.

Revenue Funding for the Welsh Language Commissioner

42. Committee Member Joyce Watson AM asked the Minister for:

“details as to how you calculated the costs of establishing that office, particularly in light of the view expressed by Finance Committee in August 2010 that there was a lack of detail available in this regard.”³⁷

43. The Minister for Heritage stated that:

“Overall, the policy remains that the cost of establishment of the Commissioner will be funded from within the funds currently made available to the Welsh Language Board. It is recognised that there will be transitional costs and the budget has been flatlined to enable us to respond to that.”³⁸

44. Members remained concerned that there appeared to be limited detail to clarify whether this budget flat-lining would necessarily be appropriate to meet the ‘transitional costs’ of establishing the Welsh Language Commissioner’s office identified by the Minister.

We recommend that the Welsh Government provide a clear account of the anticipated costs of establishing the office of the Welsh Language Commissioner.

³⁵ RoP 13/10/10 Voluntary Arts Wales P29

³⁶ CC(3) AC 74

³⁷ RoP, Communities and Culture Committee, 24 November 2010

³⁸ RoP, Communities and Culture Committee, 24 November 2010

Marketing Wales as a tourist destination

45. Members noted that the Welsh Government’s marketing of Wales was targeted primarily at the “9 out of 10”³⁹ tourists that visited from Wales and other parts of the UK, though “we are certainly not ignoring overseas.”⁴⁰ Members noted that the Welsh Government had sought to attract overseas journalists to visit Wales, on the basis that:

“people- us- we tend to believe what journalists write about a country, far more than what the Government says about its own country.”⁴¹

46. Members considered whether greater effort could be made to market Wales overseas, noting the impact of the limited Welsh diaspora in countries such as the USA (compared to the comparably much higher Irish diaspora in the USA).

47. Members considered that the Welsh Government should continue to develop a broad promotion-of-Wales strategy, which looked to both market the country abroad and within local communities.

³⁹ RoP, Communities and Culture Committee, 24 November 2010

⁴⁰ RoP, Communities and Culture Committee, 24 November 2010

⁴¹ RoP, Communities and Culture Committee, 24 November 2010

3. Issues raised with the Minister for Social Justice and Local Government

48. In scrutinising the Minister, the Committee sought clarification and further details on the following issues:

- a) What actions the Minister had taken to identify priorities within his department to inform decisions on budget allocations
- b) How the Minister intended to identify and measure the effectiveness and outcomes of his stated strategic priorities, and therefore the effectiveness of the allocations he had made in the budget that align with these priorities
- c) What assessment the Minister had made of the risk that some groups of people, for example women, children or people living in poverty, would be disproportionately affected by cuts in public spending within his policy area
- d) What proportion of cuts were taken within his department's administration budget
- e) What steps he was taking to ensure that expenditure on Communities First meets the programmes' strategic objectives and intended outcomes
- f) How the Minister had ensured that current funding in the budget for social enterprise was being used effectively and efficiently
- g) Why the Minister had decided to prioritise advice services (over specific advice and assistance with council tax) and this would help meet the strategic objectives outlined in his Financial Inclusion Strategy
- h) What assessment the Minister had carried out into the impact of cuts to Third Sector funding, and where he anticipated further savings being found
- i) What discussions had taken place across government to ensure sufficient priority was given within the draft Budget to implementing the cross-cutting strategy, the *Right to be Safe* (a cross government programme of action to tackle all forms of violence against women).
- j) What impact the £1.17 million reduction in support for Fire and Rescue Services was likely to have
- k) What discussions he had had with ministerial colleagues to ensure that financial resources were targeted effectively to achieve his strategic equality, diversity and inclusion objectives

- l) What assessment the Minister had made of the effects the cut in the Gypsy and Traveller capital budget allocation might have in both the long and short term

49. Members also noted that in their written evidence, the WCVA stated that they were:

“asking the Communities and Culture Committee to ascertain why some Actions are being far less favourably treated than others and consider the impact this may have on those organisations and services funded via these Actions.”⁴²

50. In particular, the WCVA stated that they were interested in an explanation of the reductions in expenditure on the following revenue Actions:

- “Third Sector – the 9.7% decrease in funding for year 3
- Communities First – the 11.4% decrease in year 2
- Social Enterprise – the 2.9%, then 13.5%, then 15.6% decrease each year
- Local Government Scrutiny and Standards – the decreases, year on year, of 6.1%, 5.1% and 7.2%.
- The Actions in Equality Diversity and Inclusion, averaging decreases of 2.9%, 3.6% and 6.7% year on year.”⁴³

51. The WCVA also expressed an interest in obtaining an explanation of the reductions in expenditure on the following capital allocations :

- “Communities First – the complete withdrawal of funding at the end of the current financial year
- Social Enterprise – stable in year one, drops 25% in year 2 and drops a further 33.3% in year three.
- Domestic Abuse – stable in year one, drops 28.6% in year 2 and 40% in year 3.
- Gypsy Travellers – funding drops 20%, 12.5% and 14.3% year on year.”⁴⁴

52. The WCVA’s written evidence was received following the Committee’s oral scrutiny of the Welsh Government’s draft budget. A

⁴² CC(3) 18 10 Paper 9

⁴³ CC(3) 18 10 Paper 9

⁴⁴ CC(3) 18 10 Paper 9

number of the specified areas of interest to the WCVA were scrutinised by the Committee. For example, the Minister responded to questions about the impact of cuts in the Gypsy and Traveller capital budget allocation, by commenting that:

“This line has been cash heavy for many years and it has never actually been spent. We have looked at the profile versus spend and made adjustments accordingly. So, we have just reduced the top end to a more realistic spend figure... there has never been a draw down on a lot of the money, so we have profiled it. Although the line has reduced significantly, we have tested that it does not adversely affect people. I do not envisage it, but if there was a call for good-quality capital projects, I think that we could meet it within budget lines that are already set. So, we have not disproportionality attacked this line, we have reprofiled it, because there was a lot of underspend. It is just the way in which we have dealt with it strategically.”⁴⁵

53. However, the Committee will also include the WCVA’s specified areas of interest in years 2 and 3 of the draft budget in the Committee’s own legacy report. Members anticipate that this will enable such areas of concern to be pursued in budget scrutiny during the 4th Assembly by the committee(s) responsible for scrutinising subjects within the existing remit of the Communities and Culture Committee. The WCVA’s areas of concern have also been noted in this report for the existing Finance Committee to consider whether they have wider, cross-departmental implications.

Issues of particular concern to Members, arising from their scrutiny of the Social Justice and Local Government:

54. Members noted that the Minister for Social Justice and Local Government’s budgetary decisions:

“had been based around our Government’s priorities around health, education, skills and universal benefits”⁴⁶

55. Members commented that they were pleased that the Minister appeared to have endeavoured to protect front line services within his budgetary portfolio.

⁴⁵ CC(3)-17-10 Paper 3

⁴⁶ RoP, Communities and Culture Committee, 24 November 2010

56. Members commented that they were pleased that funding for tackling domestic abuse had been safeguarded from cuts in 2011-2012, noting the Minister's comments that:

“This year, I have protected the budget from any reductions in terms of that, which is pretty unique across the whole of Government. That just outlines the Government's commitment to tackling this issue.”⁴⁷

57. Members also commented that although they were concerned at funding reduction, they were pleased that some degree of funding for the Communities, Facilities and Activities Programme remained.

⁴⁷ RoP, Communities and Culture Committee, 24 November 2010

Witnesses

The following witnesses provided oral evidence to the Committee on the date noted below. Transcripts of all oral evidence sessions can be viewed in full at <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home.htm>

24 November 2010

Jocelyn Davies AM	Deputy Minister for Housing, Welsh Assembly Government
Brian Pickett	Head of Finance - Housing and Regeneration
Kath Palmer	Head of Housing Operations
Chris Warner	Policy Co-ordination Manager, Department of Housing & Regeneration
Alun Ffred Jones AM	Minister for Heritage
Jo Jones	Director, Tourism and Marketing
John Howells	Director of Culture
Carl Sargeant AM	Minister for Social Justice and Local Government
David Powell	Director, Social Justice and Local Government
Eleanor Marks	Communities Division
Owain Lloyd	Head of Finance, Governance and Planning

List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at <http://www.assemblywales.org/bus-home/bus-committees/bus-committees-scrutiny-committees/bus-committees-third-ccc-home.htm>

<i>Organisation</i>	<i>Reference</i>
Deputy Minister for Housing, Welsh Assembly Government	CC(3)-17-10 Paper 1
Minister for Heritage, Welsh Assembly Government	CC(3)-17-10 Paper 2
Minister for Social Justice and Local Government, Welsh Assembly Government	CC(3)-17-10 Paper 3
Wales Council for Voluntary Action	CC(3)-18-10 Paper 9